

NOTES FOR A SPEECH

by

R.A. Morrison

Arctic Transportation Conference

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R.A. MORRISON

VICE - PRESIDENT

TRANSAIR LIMITED

AT THE

ARCTIC TRANSPORTATION CONFERENCE - YELLOWKNIFE

DECEMBER 8-9, 1970

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It is a pleasure and an honour for me to be invited to participate in Canada's first Arctic Transportation Conference. I'm sure we'll all agree that the calling of this conference is certainly not premature.

Before beginning I would like to commend the initiative of the Federal Government, particularly Don Jamieson and his Department for taking this initiative and providing the transportation industry and the user industries and organizations with a vehicle for exchanging ideas, opinions, plaudits and criticisms on the effectiveness of the present transportation system and the requirements of the future. It is this kind of interchange of information that is essential if we in the industry are to hope to provide what is described in the objectives of this Conference -- "an efficient, economic and adequate transportation system".

In this panel, I was assigned the job of discussing, from the carrier's standpoint, the physical facilities existing at present and required for the future. I decided, however, in light of the program which provided yesterday a very detailed and effective discussion of the technical facilities, their use and cost, in Bob Engle's panel that it might be less repetitious and more useful to discuss in broader brush terms with the policy aspects of transportation

hardware or infrastructure and the overall importance of adequate facilities to meeting the objectives of this Conference and, I would hope, all participants.

It is a common misconception -- not at all discouraged by the operators -- that air transportation, unlike railways or trucking operations, requires no rails, no highways, no fixed facilities to fulfill it's function. This is, of course, patent nonsense. Airlines are heavily dependant upon an infrastructure of airfields, weather data, en route and terminal navigation aids. This infrastructure is always expanding, requirements are becoming more and more demanding, to keep pace with the technological evolution of the air industry.

Government policy, in the past as in the present, has determined that the basic infrastructure can best be provided by public funds on the theory that transportation, as it was 100 years ago, is fundamental to attainment of national goals and objectives and to the well being of the national as a whole.

The arguments start, as they did in MacDonald's day, when the allocation of the nation's limited resources is made. We are in Yellowknife this week I submit, not to convince Government that the upgrading of facilities and expansion of air services in the North is desireable -- all Governments are in favour of motherhood -- rather we must direct our attention towards pointing out to the

Government how their assistance and participation in expanding their involvement in the provision of transportation facilities in the North can be of national benefit and of direct benefit to the residents of the North.

We have heard a great deal at this Conference about the technical problems of upgrading present facilities in the Arctic, we have heard about the staggering cost of establishing and maintaining these facilities. I believe we must also focus on what the lack of these facilities cost the nation and the people of the North, and the savings that can be attained through provision of improved facilities.

I speak from the position of a carrier that has -- to all intents and purposes -- been in the position of the dog at the dinner table -- getting only scraps from the feast above. Transair serves the Keewatin District, an area of the North that is lamentably far behind the neighbouring areas of the Eastern Arctic and especially the Mackenzie River Valley. The lack of facilities and services has tended to accelerate the development of one particular area of the Arctic while placing staggering obstacles in the way of the development of the Keewatin.

Air Carriers in the North have, I submit, proven themselves to be responsible citizens of the Arctic. They have pioneered services at great cost and in many cases human sacrifice; they have wheedled and cajoled governments into

providing fundamental facilities that have gradually permitted the carriers to improve equipment, maximize efficiency and substantially reduce costs to residents of the North and those doing business in the North. We have heard Kurt Peiffer of Nordair outline his Company's success in reducing transportation charges to and from the Eastern Arctic, Pacific Western has been able to reduce transportation costs by as much as 75 percent over its route network. Transair has also reduced costs, but on a less massive scale. Why?

We must analyse how these economies have been introduced and how they were achieved. In both Nordair's and PWA's case, the significant reductions followed the introduction of modern, sophisticated and expensive equipment -- basically the Boeing 737-200C, but in PWA's case also the Hercules transport. A necessary prerequisite to the introduction of these aircraft was the provision of basic landing facilities and navigational aids. I stress the term "basic" because, as envious as I am of the facilities now available at Yellowknife, Inuvik, Norman Wells, Frobisher Bay and Resolute, they are still minimum facilities, with the possible exception of Yellowknife.

In the Keewatin, there is only one runway capable of handling a Boeing 737 and that is Coral Harbour. The main population and supply centres of Baker Lake and Rankin have bare minimum facilities now for twin turbo-prop aircraft, and these are rugged. It was only in 1970 that Transair was able to

introduce turbo-prop service into this area. While the arrival of this equipment is definitely an improvement over the DC-3 operations of the past, it still does not permit us the economies of scale offered by Boeing 737 for mixed cargo-passenger service, or the Argosy freighter for all-cargo services.

To give you an idea of the cost penalties created by the lack of adequate facilities, one must look at the relative ton-mile costs of the various types of equipment. The venerable DC-3 can handle cargo at a rate (assuming charter rates) of 80 cents a ton-mile. A Boeing 737 can handle it at a cost of approximately 20 cents a ton-mile, while the Hercules or Argosy handles freight at approximately 17 cents per ton-mile. Using a 400-mile stage length the cost differential works out as follows. To deliver 4000 pounds of cargo it would cost on these figures, \$640.00 in a DC-3, \$160.00 in a B-737, and \$136.00 in an Argosy or Hercules.

Regrettably, carriers themselves are powerless to introduce this more productive and lower cost service without the support of the federal and territorial governments in developing the basic infrastructure of runways, airport facilities and services and navigational aids both terminal and en route. We have seen the speed at which basically economic but nevertheless adequate facilities can be developed in this hostile environment when facilities are required. All main drilling sites on the Arctic Islands have runways adequate for heavy transport aircraft

like the Argosy and Hercules -- virtually all have NDB's and of course, runway lighting. All have been provided in record time by the Oil Companies themselves.

I don't want to criticize existing transport standards, however, perhaps the federal government could take into consideration the equipment and methods used by the oil industry in developing facilities at minimum cost. I believe that all operators in the North accept the fact that, conditions being what they are, it may well be unreasonable to expect the same standard of runway, nav aids and terminal facilities that exist in southern Canada. This is not to suggest that safety must be compromised, but in some cases it would be better to have a substandard airstrip for an alternate than to have no airstrip at all.

Who pays?

If fully adequate facilities are provided either the identifiable users pay in full -- and that means not only the entrepreneur but also the northern resident -- or the general taxpayers of Canada pay. If user charges are levied on a fully allocated basis it means that the cost of living in the Arctic skyrockets, it means that potential industrial resource development is severely retarded, it means continuation of the penalties of isolation. On the other hand if these costs are distributed on a wider base it means a distribution of the penalty of distance, isolation and expense for those living in and developing the

Arctic.

I want to stress that I am not suggesting the transportation industry is asking for a "free ride". The four carriers sitting on this platform have today, and this is perhaps conservative, an investment in capital equipment and facilities largely committed to serving and developing the North of well in excess of fifty million dollars. When the investments of all other carriers operating in the North are considered it is probably not unrealistic to suggest that our industry has a \$100 million investment in the Arctic. When compared with the governments' investment in the Arctic I don't believe you will find any great imbalance or disparity.

Transportation, since the founding of this nation, has been a necessary instrument of public policy and a public service in itself, that has been and is more so today a part of the essential fabric of the nation. Originally the railway was the primary designated national transportation vehicle. Under the umbrella of government regulation and financial assistance Canada was girded with steel with the driving of the last spike in the Canadian Pacific Transcontinentla Railway line in 1885.

The provision of a national transportation system was considered so essential that when British Columbia joined Confederation in 1871 it was stipulated as a condition of contract, or perhaps more appropriately as the dowery, that Canada would

complete the transcontinental railway within ten years.

Remarkably, that promise was kept within four years of the original target. Mind you it took the substantial financial assistance of the federal government and the ingenuity and entrepreneurship of private enterprise to do it.

There were plenty of doubting-Thomases in 1880 and certainly the allocation of \$25 million dollars at that time by the Government of a new-borne nation to the development of a national transportation system was decried by many. The Easterners, who certainly represent the vast majority of the population, pointed to the non-existent population of the sprawling Prairies; the lack of known resources and the seemingly impossible technical and engineering difficulties to be overcome as simply not justifying such a staggering capital commitment by the Government.

What followed? Rapid population of the new territories opened up by the construction of the new railway; the emergence of a world recognized agriculture industry and the accelerating development of resource industries. Canada, which before had existed as virtually totally-isolated pockets of population with, in many cases, a far greater community of interest with its southern neighbours, was witness to the awakening of a national identity, a national purpose and national objectives.

I want to suggest to you today that today, one century later, we stand on the threshold of as great a frontier, as great a challenge and opportunity as was presented to Canadians 100 years ago. Can we hope to call ourselves a nation in the 20th Century if we do not seize the initiative and with the same vision, tenacity and commitment as was displayed by our forefathers provide the resources to build a nation that will not only be 5000 miles wide, but 5000 miles deep.

These objectives cannot be realized by a rigid adherence to cost-benefit analysis over the short term; it cannot be achieved without a clearly stated policy of national objectives; it cannot be achieved by the transportation industry without the resources of the national government; and I suggest, the federal government cannot implement a national policy for the Arctic without the full support of this industry.

The federal government must accelerate the provision of a basic infrastructure for the development of a co-ordinated and efficient transportation system for the Arctic and for the delineation of a long range statement of goals and objectives supported by a vehicle to oversee the implementation of programs to meet these targets.

The transportation industry, on its part, must accept responsibility for providing the equipment required to meet

these goals and for providing the advance planning support, technical and commercial expertise to support the efforts of whatever vehicle may be created by Ottawa to impliment its policies.

The resource industry must accept the need for far greater advance planning and programming by governments and the transport industry to meet their needs. This will require a high degree of confidence by all parties and a far greater disclosure than has been evident in the past.

All three, government, the resource and transportation industries have to accept the fact that to a degree never before apparent, the impact of sociological and ecological change must become fundamental to all planning and programming.

I firmly believe that the only way all these factors can be weighed, the only way that a national transportation system of the North can be achieved is through the creation of what might be called the Arctic Transportation Agency. I hasten to add that I am not suggesting another government department, nor do I believe that this Agency should have any regulatory, policy making or executive function. I conceive this Agency to be provided with full-time facilities and staff to provide a means of consultation and coordination. This organization, if it was to be effective in my view, would have to be supported by both government and industry with an Executive Council composed of federal, territorial and industry

appointees. The industry appointees would be drawn from both the transportation and user industries.

This organization, given wholehearted support by government and industry, would provide the vehicle for achieving the goals of this Conference and of every participant here --- "the orderly social and economic development, compatible with protection of the environment, through the provision of an efficient, economic and adequate transportation system."

In closing I would like to quote Professor Frank Underhill, in defining a nation, when he wrote:

"A nation is a body of people who have done great things together in the past and who hope to do great things together in the future."

Our job is to imbue all Canadians with the spirit of excitement, challenge and opportunity that is evident throughout this Conference. To present them with the Arctic as the most dynamic sector of Canada's future.

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